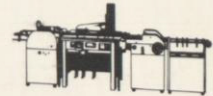
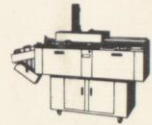


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CORPORATION FILE



Addressograph- Multigraph Corporation

ANNUAL
REPORT
1954

BOARDS

CLEVELAND, OHIO

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PRODUCTS AND SERVICES OF THE CORPORATION

ADDRESSOGRAPH - MULTIGRAPH Corporation manufactures and distributes many types of "production machines for business records" together with the supplies and accessories used in their operation.

Addressograph products are designed to cut the costs of repetitive writing of alphabetical and numerical information. Specialized machines, for use with Addressograph punched hole sensing plates, simultaneously perform both writing and accounting functions. The new Electronic Printers are especially suited to high volume requirements.

The Multigraph trade-mark applies to two basic duplicating principles. In the one, reproduction is from a plane surface by the Multilith Duplicating Process, and, in the other, copies are made from raised type by the conventional relief process. Multigraph duplicators, combined with a wide selection of masters and other supply items, make it possible to provide for practically every duplicating requirement in business.

It is significant to note that Addressograph and Multigraph products help business solve paperwork problems by working alone, together, or in conjunction with other business machines.

REPORT OF
ADDRESSOGRAPH-MULTIGRAPH
CORPORATION

FOR THE YEAR ENDED JULY 31, 1954



GENERAL OFFICES: 1200 BABBITT ROAD • **CLEVELAND 17, OHIO**



*Addressograph
Class 1900*

FINANCIAL HIGHLIGHTS



*Multilith
Model 1250*

	FISCAL YEARS ENDED JULY 31	
	1954	1953
INCOME		
Products and services billed	\$65,403,000	\$62,703,000
Dividends, interest and other income	<u>506,000</u>	<u>343,000</u>
Total income	\$65,909,000	\$63,046,000
EARNINGS		
Distributed to shareholders in dividends:		
In stock	3%	3%
In cash	\$ 2,451,000	\$ 2,380,000
Earnings retained in the business	<u>2,428,000</u>	<u>2,211,000</u>
Net income for the year	\$ 4,879,000	\$ 4,591,000
Federal taxes on income	\$ 5,600,000	\$ 6,300,000
PER SHARE		
Net income	\$5.92	\$5.57*

SHAREHOLDERS' EQUITY

Current assets	\$35,540,000	\$35,262,000
Current liabilities	<u>11,404,000</u>	<u>12,104,000</u>
Net working capital	\$24,136,000	\$23,158,000
Land, buildings, machinery and equipment	\$10,084,000	\$ 8,605,000
Miscellaneous assets	<u>1,805,000</u>	<u>1,834,000</u>
	\$36,025,000	\$33,597,000
Less—Long term debt	<u>2,500,000</u>	<u>2,500,000</u>
NET WORTH	\$33,525,000	\$31,097,000
Consisting of:		
Capital stock	\$ 8,237,000	\$ 7,997,000
Capital surplus	\$ 3,028,000	\$ 2,069,000
Earned surplus	\$22,260,000	\$21,031,000

PER SHARE

Shareholders' equity	\$40.70	\$37.75*
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*Adjusted to 823,692 shares now outstanding.

Board of Directors

THOMAS C. WOODS, Chairman
WILLIAM I. AITKEN
CHARLES K. ARTER
GEORGE C. BRAINARD
W. HERBERT CASSON
GEORGE W. CODRINGTON
ERNEST J. FERRIS
HENRY C. OSBORN
JOHN B. RUSSELL
J. BASIL WARD
LEWIS B. WILLIAMS
FRANK H. WOODS, JR.

Executive Committee

GEORGE C. BRAINARD, Chairman
CHARLES K. ARTER
W. HERBERT CASSON
HENRY C. OSBORN
J. BASIL WARD
LEWIS B. WILLIAMS
FRANK H. WOODS, JR.
THOMAS C. WOODS

Officers

J. BASIL WARD, President
HENRY C. OSBORN, Vice-President Advisory
W. HERBERT CASSON, Vice-President Manufacturing
WILLIAM H. WILSON, Vice-President Multigraph Distribution
BERG L. MEYERS, Vice-President Addressograph Distribution
GEORGE J. GRIKSELL, Controller
JOHN E. STURM, Treasurer
ALBERT P. TYLER, Secretary
DONALD C. ADAMS, Assistant Secretary
GEORGE R. SULLIVAN, Assistant Secretary
WILLIAM H. REINER, Assistant Treasurer
EDMUND F. FRANZ, Assistant Controller

Transfer Agent
CITY BANK FARMERS TRUST COMPANY
New York

Registrar
GUARANTY TRUST COMPANY
New York

annual report



The Board of Directors presents for the information of Addressograph-Multigraph Shareholders its report for the fiscal year ended July 31, 1954. Accounts of the Corporation and its Canadian subsidiary are included. Accounts of subsidiary companies in England and Europe have been excluded from reports for all years subsequent to 1939.

In 1954 much was accomplished to maintain the company's financial strength and to promote operational growth. Better products, a more efficient organization, and a satisfactory working capital position cause us to view long-range development of the business with confidence.

Consolidated billings of \$65,403,000

in 1954, exclusive of British and European subsidiary company sales, were the highest in the history of the company, and were confined exclusively to the sale of Addressograph and Multigraph products and services. Net Sales, in the statistical summary below, are fully comparative inasmuch as no military defense contracts were undertaken during 1946-1954.

HIGHLIGHTS

	NET SALES BILLED	EARNINGS	DIVIDENDS PAID	EARNINGS RETAINED
1954	\$65,403,000	\$4,879,000	\$2,451,000*	\$2,428,000
1953	62,703,000	4,591,000	2,380,000*	2,211,000
1952	63,230,000	4,533,000	2,311,000*	2,222,000
1951	57,329,000	5,159,000	2,826,000	2,333,000
1950	44,336,000	5,438,000	2,638,000	2,800,000
1949	41,176,000	4,602,000	2,073,000	2,529,000
1948	43,661,000	5,186,000	1,884,000	3,302,000
1947	39,406,000	4,513,000	1,281,000	3,232,000
1946	25,660,000	1,565,000	753,000	812,000

*Plus 3% in stock.

Total income of \$65,909,000 included \$506,000 of miscellaneous income, of which \$293,000 represents cash dividends received from the unconsolidated British subsidiary company. This latter amount compares with \$103,000 received last year. Dividends received from the British subsidiary company are after deduction of 45 per cent withholding tax. The amount of U. S. tax thereon is nominal due to credit for British taxes paid at the source.

Consolidated net income of the parent company and its Canadian subsidiary, after all taxes and charges, amounted to \$4,879,000. This compares with \$4,591,000 in 1953.

Cash dividends paid, aggregating \$2,451,000, amounted to about 50 per cent of net income in 1954. This compares with \$2,380,000 paid in 1953.

Per-share earnings of \$5.92 for 1954 compare with \$5.57 a year ago, adjusted to the number of shares now outstanding.

Regular quarterly cash dividends of 75¢ per share, totaling \$3.00, were paid during fiscal 1954, on October 10, 1953 and on January 9, April 10 and July 10, 1954. Seventy-seven consecutive quarterly cash dividends have been paid during the past 20 years.

On August 30, 1954, for the fourth successive year, the Board of Directors

declared a 3 per cent stock dividend, payable on November 19, 1954 to shareholders of record at the close of business on October 29, 1954. On the same date, the Board declared a quarterly cash dividend of 75¢ per share, payable October 9, 1954, making a total of \$3.00 per share in cash dividends paid during the calendar year 1954.

Selling prices remained constant, except for fractional downward adjustment of quantity supply prices.

Expense and cost-reduction efforts were emphasized during the year. Research and engineering skills were applied to the problem of finding new materials better suited to operational requirements, and lower in final processed cost. Operating efficiency was improved by further change in productive facilities, techniques and training methods.

Costs and expenses in the amount of \$61,030,000 exceeded the 1953 total by \$2,574,000, compared with an increase of \$2,862,000 in total income. The cost of goods sold increased \$1,517,000 as a result of the greater dollar volume of net sales billed. Provision for income and excess profits taxes decreased \$700,000. Selling and other operating expenses increased \$1,757,000, part of which represents an investment in the form of an expanded sales organization and an intensified program of sales supervision, training and promotion, the benefits from which will largely accrue in subsequent years. In the year 1954, the number of sales offices in key cities throughout the United

DIVIDENDS PAID

PER SHARE, FISCAL YEAR PERIODS TO JULY 31*

	NET INCOME	EARNINGS RETAINED	DIVIDENDS PAID	
			IN STOCK	IN CASH
1954	\$5.92	\$2.92	3%	\$3.00
1953	5.57	2.68	3%	2.89
1952	5.50	2.70	3%	2.80
1951	6.26	2.83		3.43
1950	6.60	3.40		3.20
1949	5.59	3.07		2.52
1948	6.30	4.01		2.29
1947	5.48	3.92		1.56
1946	1.90	.99		.91

*Based on 823,692 shares now outstanding

States and Canada was increased 17 per cent, to provide better sales coverage of markets and to establish closer contact with customers. These investments for the future are directed toward preserving the company's growth rate. A-M product and service sales of \$65,403,000 this year compare with \$18,000,000 ten years ago.

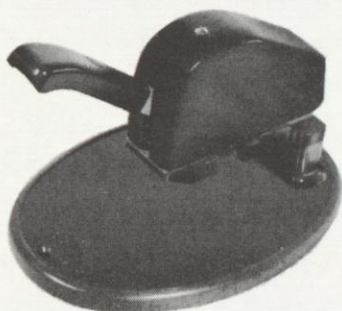
Provision for federal income and excess profits tax on 1954 earnings amounted to \$5,600,000. The amount attributable to the excess profits levy, which

expired during the fiscal year under review, was \$185,000, or 22¢ per share.

After payment of cash dividends, there remained for use in the business, approximately \$2,428,000 or 50 per cent of 1954 net income. Depreciation and other operating charges not involving immediate cash outlays amounted to \$1,202,000. As set forth in the Application of Funds Statement on page 9 of this report, these funds were allocated as follows: \$2,681,000 in additions to plant and equipment, and \$978,000 in additional working capital.

At the close of the year, working capital represented approximately 72 per cent of the company's total net worth, and amounted to \$24,136,000 compared with \$23,158,000 a year ago.

Cash and U. S. government short-term securities aggregating \$12,315,000 exceeded total current liabilities of \$11,404,000. Acceleration of fed-

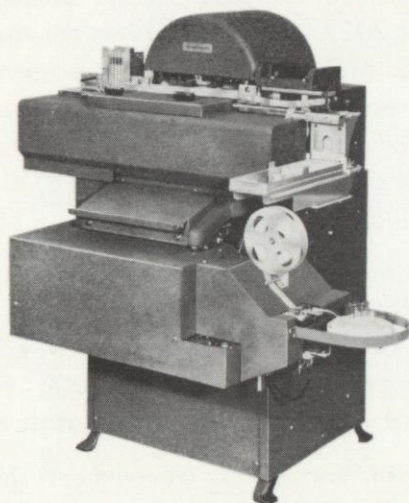


Addressograph Imprinter
Model 12-20

eral tax payments under the Mills Plan places a heavy drain on cash during the first two quarters of the fiscal year. Payments in October, 1953 and January, 1954, amounted to \$4,700,000, representing 80 per cent of the total

CURRENT POSITION

	CURRENT ASSETS	CURRENT LIABILITIES	WORKING CAPITAL
1954	\$35,540,000	\$11,404,000	\$24,136,000
1953	35,262,000	12,104,000	23,158,000
1952	36,061,000	14,520,000	21,541,000
1951	34,977,000	14,710,000	20,267,000
1950	25,946,000	7,572,000	18,374,000
1949	24,060,000	6,744,000	17,316,000
1948	24,020,000	7,920,000	16,100,000
1947	22,665,000	8,438,000	14,227,000
1946	17,430,000	6,062,000	11,368,000



*Automatic
Graphotype
Class 6700*

tax payable during the full fiscal year. In fiscal 1955, these accelerated tax payments will represent 90 per cent of the total tax payable during the full fiscal year, and in fiscal 1956, 100 per cent. The company has no bank loans, and long-term debt of \$2,500,000 has remained unchanged since 1950.

Compared with the preceding year, change in the composition of other current assets included only minor variations in accounts receivable and inventories.

Inventories of \$14,031,000 were equivalent to 21.5 per cent of net billings, compared with 21.4 per cent a

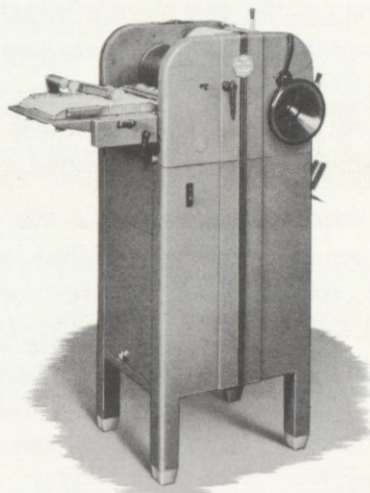
year ago. This percentage relationship is considered to be a workable minimum for industries such as ours, engaged in the manufacture and distribution of products through company-owned branches. In addition to the normal factory inventory, the company also has inventories in its sales offices.

Plant and equipment, including rental machines, are shown in the financial statements at an original cost of \$19,909,000, less reserve for depreciation of \$9,825,000.

Expenditures for additional facilities and equipment exceeded the amount provided for depreciation, resulting in an increase in net investment in the plant and equipment account of \$1,479,000.

The major capital addition in 1954 consisted of a new plant at Teterboro, New Jersey, completed and occupied

as a unit in June, 1954, at a cost of approximately \$1,300,000. Prior to its construction, the company was required to carry extensive, and in many cases duplicate, inventories in each of its



*Multigraph Duplicator
Multilith Model 80*

APPLICATION OF FUNDS STATEMENT

FUNDS PROVIDED:	FISCAL YEARS ENDED JULY 31	
	1954	1953
Net income	\$ 4,879,000	\$ 4,591,000
Depreciation and other charges not involving cash outlays	<u>1,202,000</u>	<u>1,085,000</u>
Total funds provided	\$ 6,081,000	\$ 5,676,000
FUNDS APPLIED:		
Cash dividends paid	\$ 2,451,000	\$ 2,380,000
Net additions to properties	2,681,000	1,480,000
Net increase or (decrease) in other assets	<u>(29,000)</u>	<u>200,000</u>
Total funds applied	\$ 5,103,000	\$ 4,060,000
EXCESS:		
Net increase in working capital	\$ 978,000	\$ 1,616,000

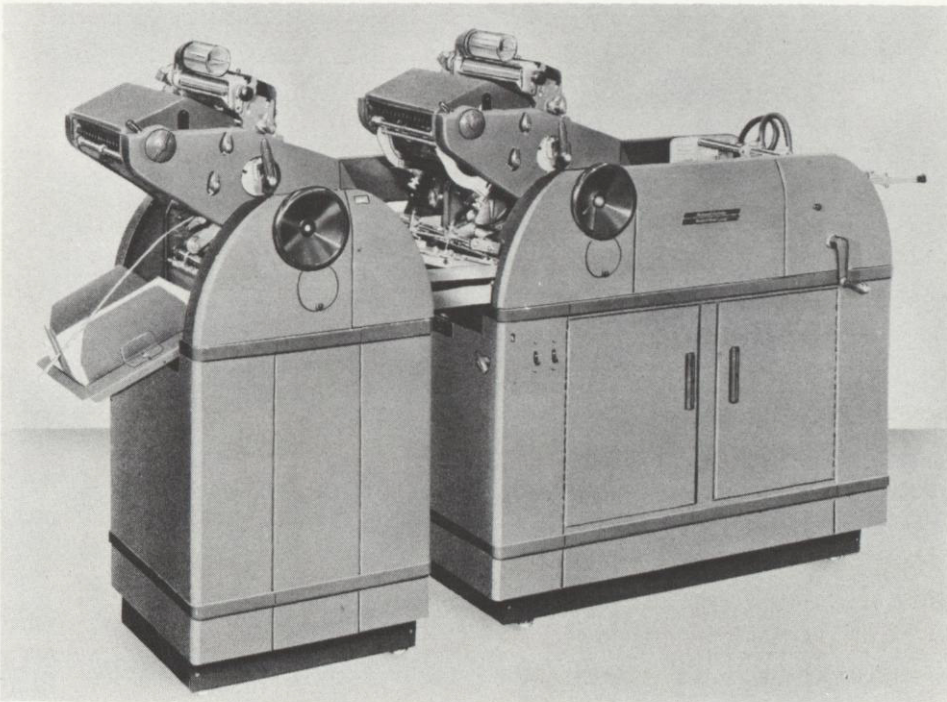
Atlantic Coast sales offices in order to provide prompt customer service. This centrally located shipping source will consolidate several inventories, eliminate duplication, reduce over-all investment and handling costs, while providing even quicker and more efficient customer service. Accounting, recording and other clerical activities have been consolidated. Additionally, there will also be significant savings in rents and taxes.

The shareholders' equity in the company, represented by capital stock, capital surplus and earned surplus, totaled \$33,525,000 at July 31, 1954, equivalent to \$40.70 per share, compared with \$37.75 a year ago, adjusted to the number of shares now outstanding.

OVERSEAS

At July 31, 1954, the net assets of the company's unconsolidated, wholly-owned British subsidiary amounted to a U. S. equivalent of \$4,020,000, or \$3,330,000 in excess of the amount carried on the company's books for this investment. The excess is equivalent to an additional \$4.04 per share in the book value of parent company common stock.

Operating highlights of the unconsolidated British subsidiary are set forth in the tabulation on page 12 of this report. The unconsolidated French and German subsidiary companies operate on a calendar year basis. Interim reports indicate continued progress. The future progress of these companies de-



Multigraph Duplicator — Multilith Model 1275

pendes in part on further improvement in the international trade, currency and political situations. However, the current rate of operation is self-sustaining and has required no dollar assistance from the parent company.

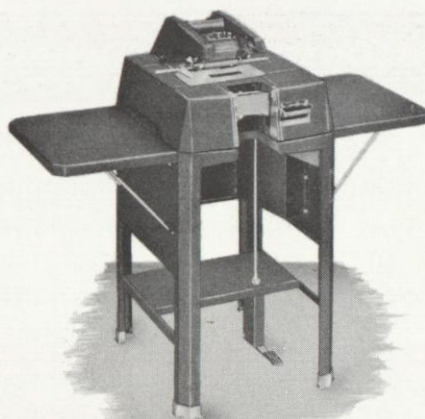
With respect to over-all company operations outside the confines of the

SHAREHOLDERS' EQUITY

	ASSETS	LIABILITIES	SHAREHOLDERS' EQUITY	*EQUITY PER SHARE
1954	\$47,430,000	\$13,905,000	\$33,525,000	\$ 40.70
1953	45,701,000	14,604,000	31,097,000	37.75
1952	45,906,000	17,020,000	28,886,000	35.07
1951	43,874,000	17,211,000	26,663,000	32.37
1950	34,402,000	10,072,000	24,330,000	29.54
1949	32,263,000	11,631,000	20,632,000	25.05
1948	31,641,000	13,539,000	18,102,000	21.98
1947	29,370,000	14,726,000	14,644,000	17.78
1946	23,410,000	11,998,000	11,412,000	13.85

*Based on 823,692 shares now outstanding.

United States, since World War II, British subsidiary company net sales have increased four-fold, from £531,000 in 1946, to £2,208,000 in 1954. Part of this increase can be attributed to the ability of the British factory to ship products to dollar scarce markets which could not be served by the parent company plant at Cleveland. Growth of the Canadian subsidiary company has been confined largely to domestic Canadian markets inasmuch as the Canadian plant is equipped at present only for the manufacture of supplies and assembly



Addressograph
Class 900

of machines from piece parts manufactured at the Cleveland plant. Canadian company net sales of \$4,337,000 in 1954 are about three-fold compared with the 1946 record of \$1,500,000.

Most of the export business done by the parent company plant at Cleveland and by its subsidiary plant in England, flows to and through foreign dealers, located in 87 key-country distribution centers throughout the world. In 1954, gross exports from the Cleveland plant amounted to \$3,988,000, and unconsolidated exports from the British plant, converted to U. S. list prices for comparative purposes, amounted to \$2,584,000.

EMPLOYEE RELATIONS

Management-employee relations, in company employment centers here and abroad, were excellent throughout the year.

In addition to payment of wage and salary rates comparable to those pre-

vailing in the respective employment areas, the company pays the entire cost of certain employee fringe benefits such as pensions, paid holidays and paid vacations; and it shares the cost of other fringe benefits such as insurance and social security.

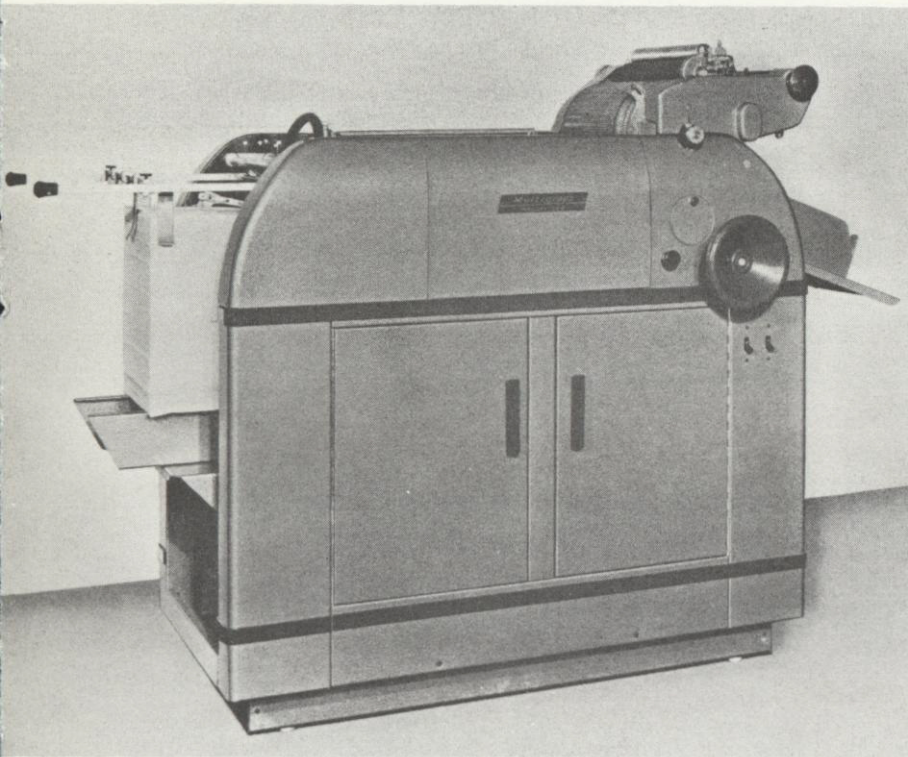
These benefits are of material value to the employees but they add substantially to the cost of doing business.

Pensions for employees in the United States are exclusive of social security benefits, and they are based upon length of service, the maximum pension benefit for normal retirement at age 65 being \$45.00 monthly, or \$1.50 per month for not more than 30 years of pension service. If, at retirement, both husband and wife are eligible for maximum new social security benefits, the family retirement income, including company pension, will amount to \$192.80 monthly.

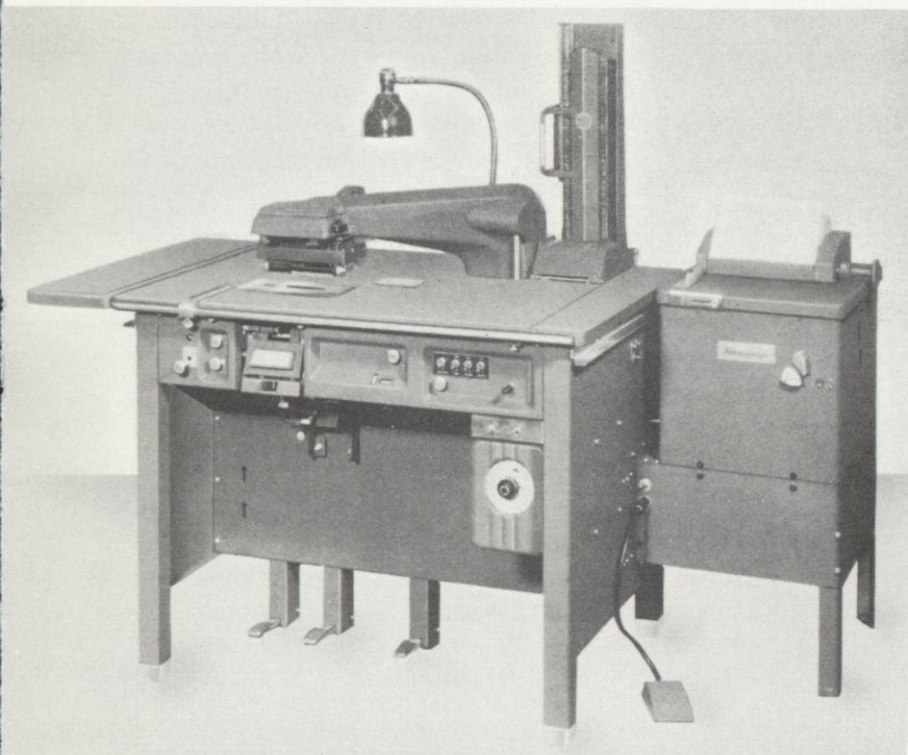
The company's group insurance program has been in force for 35 years. In

UNCONSOLIDATED WHOLLY-OWNED BRITISH SUBSIDIARY

	WORKING CAPITAL	NET ASSETS (EQUITY)	NET SALES BILLED	NET INCOME
1954	£609,000	£1,435,000	£2,208,000	£252,000
1953	487,000	1,287,000	1,748,000	185,000
1952	523,000	1,139,000	2,148,000	220,000
1951	605,000	934,000	1,793,000	200,000
1950	474,000	762,000	1,433,000	132,000
1949	403,000	646,000	1,181,000	111,000
1948	359,000	551,000	1,059,000	77,000
1947	318,000	490,000	742,000	71,000
1946	375,000	446,000	531,000	39,000



*Multigraph Duplicator
Relief Process Model 250*



*Accounting Addressograph
Class 9100*

calendar 1953, the net premium cost for coverage of \$9,700,000 was paid in approximately equal shares by the company and insured employees. Claims paid during the year amounted to \$83,500, making a cumulative total of \$653,500 in claims paid since inception of the plan.

MARKETS AND DISTRIBUTION

Market competition, here and abroad, has increased. Substantial expenditures were made during fiscal 1954 to strengthen our sales organization and to broaden the Addressograph-Multigraph line of expense-saving, labor-serving products, each of which fills a basic need in business procedures and paperwork systems the world over.

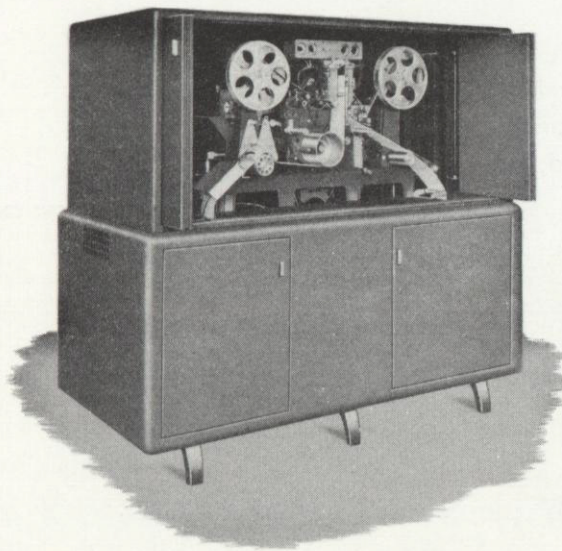
This element of expense, in reality an investment in the future growth of the business, embraced all phases of research, engineering and distribution activities.

In any growth business, a dynamic, long-range program of new product development is vitally essential. Markets must be constantly multiplied to avoid eventual market saturation.

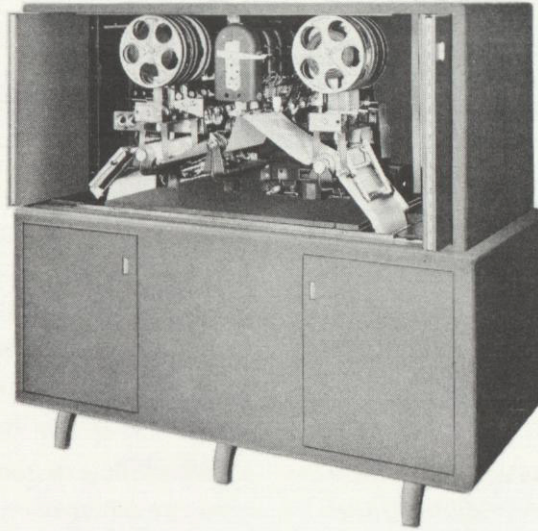
When market potentiality is multiplied by the release of new and improved products and processes, corresponding expansion should occur in distribution facilities and activities.

The salesman is required to move closer to his customers and prospects. New salesmen are trained to provide more concentrated market coverage. Direct sales supervision requires expansion and decentralization. More sales offices are needed, and top administrative distribution methods and procedures must be adapted accordingly.

One important development in improved distribution methods has been the long-range transition from a sales agency basis of operation to distribu-



Electronic Printer — Model 860



Electronic Printer (Multiple-Head) Model 863

tion through company-owned branches. The branch basis of operation affords desirable flexibility from the standpoint of administration, direction and supervision. Under this conversion program, approximately 75 per cent of total domestic annual net sales is now being billed through company-owned branch offices.

Additional distribution offices were opened in new city-locations. Existing quarters in many locations were rehabilitated and enlarged, or relocated in new premises.

Comparable expansion occurred in the sales force, quantitatively and qualitatively. This accomplishment is a function of top administrative distribution management, made possible by expansion of its sales training and sales methods activities. Such expansion, representing an expense charge against 1954 operations, is also an investment in continued future sales growth.

RESEARCH

During the year, \$1,043,000 was expended in research and engineering. The program is broad in relation to development of new and improved products. Of course, many of these will continue in the developmental stage for sometime to come, and disclosure must await market release. A summary on pages 23 and 24 of this report describes recent additions to and changes in the A-M line of products.

OFFICERS

To strengthen the executive structure of the company, and to effect greater spread of administrative responsibilities, the Board of Directors recently elected two additional Vice Presidents. William H. Wilson, Sales Manager, Multigraph Division, now is Vice President, In Charge of Multigraph Distribution; and Berg L. Meyers, Sales Manager, Addressograph

Division, is Vice President, In Charge of Addressograph Distribution.

CONCLUSION

We view the future with confidence, for we anticipate continued progress. The upward trend in annual sales is attributable to an improved line of products and more selling power. The effect on earnings of rising costs will be tempered by continued stress on increased sales volume and the reduction of costs and expenses.

On behalf of the Board,

THOMAS C. WOODS, Chairman of the Board

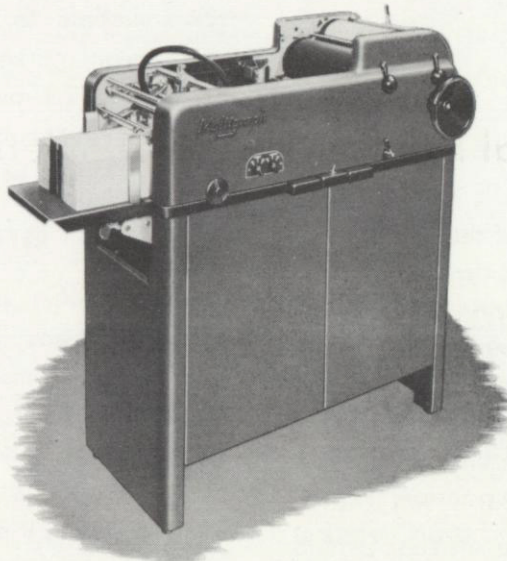
GEORGE C. BRAINARD, Chairman, Executive Committee

J. BASIL WARD, President

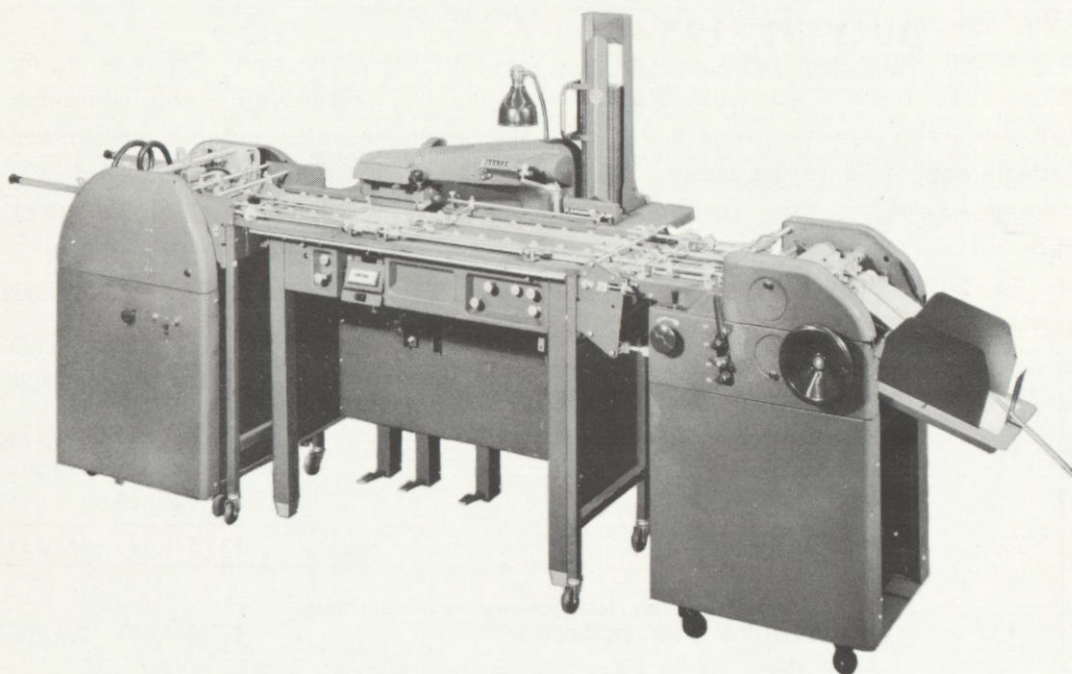
October 9, 1954

To this outlook, with renewed vigor, we shall apply all resources. With the loyal cooperation of our entire organization, 1955 should be a year of continued growth.

The Directors and Officers again thank the shareholders and customers for their support, and our employees and suppliers for their efforts and loyalty, upon which our accomplishments of the past and our hopes for the continued success of the business are so dependent.



Multigraph Duplicator — Multilith Model 750



Addressograph Form Writer and Printer Model 1937

Notice of Annual Meeting of Shareholders

The Annual Meeting of the shareholders of the Corporation will be held at the office of the Corporation, 1200 Babbitt Road, Cleveland, Ohio, on Tuesday, November 9, 1954.

Proxies for the meeting will be requested by the management at a later date, and it is expected that the notice, proxy statement and proxy for the meeting will be mailed to the shareholders on or about October 16, 1954.

CONSOLIDATED

balance sheet

JULY 31, 1954

(With comparative figures at July 31, 1953)

ASSETS

	1954	1953
Current assets:		
Cash	\$ 9,315,147	\$ 9,148,282
U. S. government securities at cost (approximately market)	2,999,900	3,000,000
Accounts receivable, less allowance for doubtful accounts: 1954—\$300,000, 1953—\$337,475	8,905,991	9,445,365
Inventories (Note 1)	14,031,195	13,383,020
Prepaid insurance, stationery, etc.	288,090	285,676
	<u>\$35,540,323</u>	<u>\$35,262,343</u>
Advances to sales agents, etc., less allowance for doubtful items: 1954—\$375,000, 1953—\$400,000	\$ 966,691	\$ 1,000,408
Investment in and advances to wholly owned British subsidiary company, not consolidated (Note 2)	\$ 692,108	\$ 698,014
Investments in and advances to European companies	\$ 1	\$ 1
Plant and equipment, at cost:		
Buildings	\$ 4,715,115	\$ 3,511,136
Machinery, equipment, rental machines, etc.	14,672,724	13,405,296
	<u>\$19,387,839</u>	<u>\$16,916,432</u>
Less—Depreciation	9,824,560	8,854,782
	<u>\$ 9,563,279</u>	<u>\$ 8,061,650</u>
Leasehold improvements, less amortization	192,696	214,829
Land	328,488	328,488
	<u>\$10,084,463</u>	<u>\$ 8,604,967</u>
Patents, trademarks, goodwill, etc.	\$ 1	\$ 1
Sundry deferred charges	\$ 146,877	\$ 136,235
	<u>\$47,430,464</u>	<u>\$45,701,969</u>

Addressograph-Multigraph Corporation and Canadian Subsidiary Company

LIABILITIES

	1954	1953
Current liabilities:		
Accounts payable—		
Trade	\$ 1,713,160	\$ 1,818,440
Sales agents and salesmen	1,338,779	1,646,155
Supply and service contract obligations	886,972	627,147
Accrued taxes, interest, payroll and other expenses	1,780,761	1,614,873
U. S. and Canadian income taxes	5,685,097	6,398,126
	<u>\$11,404,769</u>	<u>\$12,104,741</u>
 Twenty-year 2¾% sinking fund debentures, due January 1, 1966, \$125,000 redeemable semi-annually from July 1, 1956	 \$ 2,500,000	 \$ 2,500,000
 Capital stock and surplus:		
Capital stock, par value \$10 per share		
	1954	1953
Authorized	<u>1,000,000</u>	<u>1,000,000</u> shares
Issued	<u>830,092</u>	<u>806,113</u> shares
In treasury	<u>6,400</u>	<u>6,400</u> shares
	<u>\$ 8,236,920</u>	<u>\$ 7,997,130</u>
 Capital surplus (Note 4)	 3,028,020	 2,068,860
Earned surplus, per accompanying statement (Notes 3 and 4)	 <u>22,260,755</u>	 <u>21,031,238</u>
	<u>\$33,525,695</u>	<u>\$31,097,228</u>
	<u>\$47,430,464</u>	<u>\$45,701,969</u>

CONSOLIDATED

statement of income and earned surplus

FOR THE YEAR ENDED JULY 31, 1954

(With comparative figures for preceding year)

	1954	1953
Sales and other income:		
Gross sales, less returns, allowances and discounts (other than discounts to sales agents)	\$65,403,313	\$62,703,508
Dividend from British subsidiary company (Note 2)	293,748	103,316
Interest, discount and other income	212,666	240,118
	<u>\$65,909,727</u>	<u>\$63,046,942</u>
Costs and expenses:		
Cost of goods sold	\$32,593,633	\$31,076,760
Engineering and other development expenses	1,042,905	925,311
Depreciation and leasehold amortization	1,201,716	1,085,152
Commissions and discounts to sales agents, and branch expenses	15,017,056	13,898,952
Other selling, advertising, general and administrative expenses	5,504,686	5,099,653
Interest and amortization of expenses on long term debt	69,842	69,842
U. S. income and excess profits taxes	5,264,000	5,919,750
Canadian income tax	336,000	380,250
	<u>\$61,029,838</u>	<u>\$58,455,670</u>
Net income for the year	\$ 4,879,889	\$ 4,591,272
Balance of earned surplus at beginning of year	21,031,238	20,217,251
	<u>\$25,911,127</u>	<u>\$24,808,523</u>
Dividends paid:		
Cash—\$3.00 per share	\$ 2,451,422	\$ 2,380,125
Stock—3% (Note 4)	1,198,950	1,397,160
	<u>\$ 3,650,372</u>	<u>\$ 3,777,285</u>
Balance of earned surplus at end of year (Note 3)	<u>\$22,260,755</u>	<u>\$21,031,238</u>

**ADDRESSOGRAPH-MULTIGRAPH CORPORATION
AND CANADIAN SUBSIDIARY COMPANY**

**ADDRESSOGRAPH-MULTIGRAPH CORPORATION
AND CANADIAN SUBSIDIARY COMPANY**

notes to 1954 consolidated financial statements

(1) Inventories, priced at the lower of cost or market, were made up as follows:

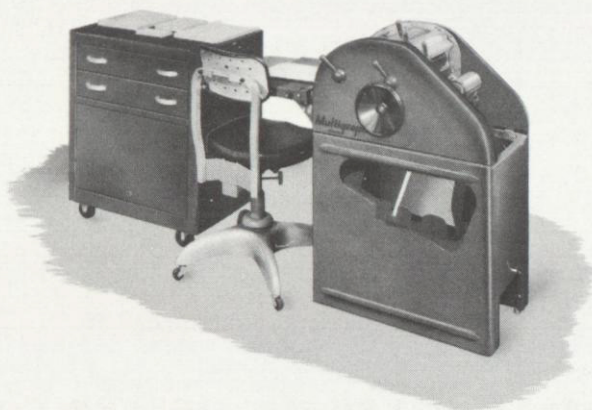
	1954	1953
Raw materials and supplies	\$ 1,536,920	\$ 1,685,622
Work in process	2,079,016	2,329,339
Finished parts, machines and supplies	10,639,001	9,546,594
	<u>\$14,254,937</u>	<u>\$13,561,555</u>
Less—allowance	223,742	178,535
	<u>\$14,031,195</u>	<u>\$13,383,020</u>

(2) At July 31, 1954 the U. S. dollar equivalent of the net assets of the wholly owned British subsidiary company amounted to approximately \$4,020,000 or \$3,330,000 in excess of the amount carried for the investment. For the fiscal year ended July 31, 1954 the British subsidiary company reported net income equivalent to approximately \$700,000.

(3) Under the provisions of the Trust Indenture covering the sinking fund debentures a portion (not relatively material) of the consolidated earned surplus at July 31, 1954 is under restriction as to the

payment of dividends.

(4) A 3% common stock dividend, amounting to 23,979 shares was declared and issued to shareholders of record at the close of business on October 30, 1953. As a result earned surplus was charged with \$1,198,950 on the basis of \$50 per share (the approximate market price of the common stock on September 1, 1953). Capital stock account was credited with \$239,790, the par value of the shares issued, and the balance, \$959,160, was credited to capital surplus.



*Multigraph Duplicator — Multilith Model 81
(with work organizer)*

PRICE WATERHOUSE & CO.

Union Commerce Building
Cleveland, Ohio

To the Shareholders and the Board of Directors,
Addressograph-Multigraph Corporation

In our opinion, the accompanying balance sheet and statement of income and earned surplus present fairly the consolidated financial position of Addressograph-Multigraph Corporation and its Canadian subsidiary company at July 31, 1954 and the consolidated results of their operations for the fiscal year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these financial statements was made in accordance with generally accepted auditing standards, and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.

PRICE WATERHOUSE & CO.

September 27, 1954

NEW PRODUCTS AND DEVELOPMENTS

Current programs for the improvement of existing products and the creation of new ones are most active in market areas that represent the Corporation's prime sources of income. The schedule comprises projects for all three types of products—Addressograph, Multigraph, and Electronic equipment.

Addressograph engineering is progressing on two fronts, the first of which is directed toward further speeding up and simplifying high-volume paperwork operations in business. On the second front, new models are in process that will better serve the over-all requirements of small and medium size enterprises—and the important decentralized needs of large business. These developments will provide a broader spread of equipment to meet decentralized repetitive writing needs and permit the placing of a machine on the job where the job is being done.

Particular emphasis has been placed on the development of new Graphotype units that will speed the embossing of Addressograph plates and cut the cost

of establishing a master plate file. For the large volume markets, completely automatic, tape-operated Graphotype models have been extended in flexibility so that they can be integrated with other office machines using a "common-language" tape. Another new group of Graphotype models features mechanical plate feeding which materially increases production speed and simplifies operation.

Completely new market areas are being served by the ever-expanding number of portable Addressograph imprinter models. These machines meet specialized requirements such as the transcription of credit plate data on sales slips in department stores and oil stations, processing of patients' records at nursing stations in hospitals, performing many kinds of record writing in production control procedures, and similar types of applications.

Prominent among Multigraph duplicator releases of the year were the Multilith Model 750 and a significant improvement in the automatic feeding of forms on certain relief process units.

The Model 750 was engineered primarily to encourage deeper penetration into the broad, established market for a general-purpose duplicator of high productive capacity.

This medium priced model offers business new high standards of performance through such outstanding features as simpler, more convenient operating controls, a versatile suction type paper feeder, and automatic regulation of reproduction quality.

Future Multigraph developments will include not only new types of machine units, but will also incorporate further simplification of process and operation. The over-all objective is to accelerate the sound progress already made in eliminating the need for specialized operator skills by making the machine itself apply the skills. The end result of this program will be a significant reduction in the time required for each duplicating cycle.

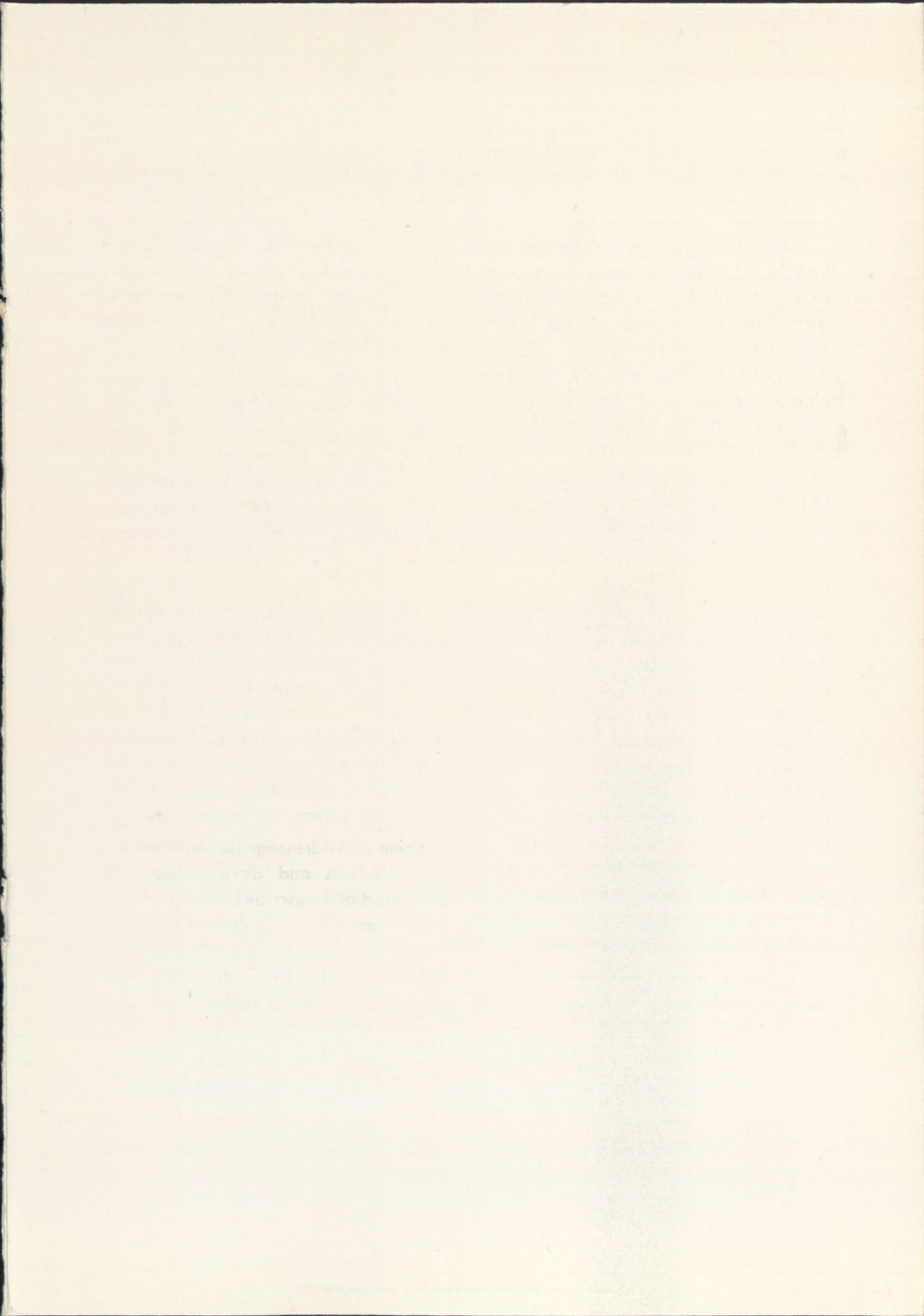
Reproduction speeds of Electronic Printers, which scan and transcribe business information from card records, have been increased 60%. At the same time, quality of reproduction has been improved. Many other developments have greatly enlarged the field for this new type of business machine. One example is a multiple-head printer which simultaneously reproduces records in duplicate or triplicate from a single scanning of the source record. This multiple-head model is ideally suited to major paper-work needs of larger types of operation such as public utilities, insurance companies, and government offices.

Another example is the imminent release of master-and-slave combinations

of Electronic Printers. This development makes it possible to set up several slave printers—each doing a different job—all centrally controlled from a single scanning by the master printer.

Fiscal 1954 was a most active year from the viewpoint of supply developments. New distribution plans designed to encourage even greater customer acceptance of Addressograph-Multigraph supplies, as well as more intensive coverage by the field organizations, were put into effect. Major forward strides were taken in the development of additional duplicator uses through the release of new Multilith Duplicating Masters and related items. Some of these innovations are taking the modern duplicating machine into fields where mechanization has heretofore been relatively inefficient. Applications range from the simplest of accounting reports to the most complex engineering records.

Some of Addressograph-Multigraph's new products and developments are illustrated and described in these pages. All are contributing to current sales volume — and all are expected to play important roles in the Corporation's program for expanding sales.





ADDRESSOGRAPH-MULTIGRAPH CORPORATION
PRODUCTION MACHINES FOR BUSINESS RECORDS